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MOTION BY SUPERVISOR'S GLORIA MOLINA

April 22, 2003

With the cost of health care premiums rising, more people are joining the ranks of the uninsured. Those employers who pay for health coverage are capping their contributions to health insurance plans and employees are finding it difficult to pay their increasing premiums. In the United States, 30 percent of people under the age of 65 are uninsured. California's uninsured rate is the fourth highest of all states in the nation at 36 percent, and Los Angeles County's uninsured rate is 30 percent higher than California's overall rate. Sadly, most people who lack health care insurance are connected to the workforce; 70 percent of the uninsured are employed. They are the working poor.

As the recession persists and the unemployment rate rises, the uninsured population will continue to swell and will rely on Los Angeles County's health care safety net. Declining revenues and increasing numbers of uninsured will continue to overwhelm our underfunded system.

The uninsured have little or no access to preventive care and are less likely than

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Yaroslavsky	_____
Knabe	_____
Antonovich	_____
Burke	_____

insured adults to be screened for cancer, cardiovascular disease, and diabetes. They often must forgo timely medical treatment, delay seeking needed services, and inevitably rely on the emergency room for their care. This affects everyone because it limits access for all people and increases overall costs to the health care system.

The fundamental problem is that we treat health care as a “commodity” and not as a right. One’s ability to receive health care should not be based on income, but rather on need. I am glad to see that legislators in Sacramento are willing to take leadership on this issue. Senator Sheila Kuehl has introduced Senate Bill 921, “The Healthcare for All Californians Act.” This bill would provide health insurance coverage to all Californians through a single payer insurance plan offered by the State of California. This legislation is the best solution for protecting Los Angeles County’s health care system.

I, THEREFORE, MOVE that the Board take a support position on SB 921 and send a five-signature letter to Senator Jackie Speier, Chair of the Senate Insurance Committee, Committee members, and to members of the County Delegation and the Governor, urging support of SB 921.

MS/au

MOTION BY SUPERVISOR GLORIA MOLINA

April 29, 2003

AMENDMENT TO ITEM NO. 24

Existing law does not provide a system of health care coverage for all Californians and does not require employers to provide health care coverage for employees and dependents. And yet, we know that more than 80 percent of the uninsured are working people or their families. These are hardworking residents who go to work every day, pay taxes, and provide for their families, but their employers do not provide health insurance. Senate Bill Number 2, authored by Senators John Burton and Jackie Speier, would require employers to provide health care coverage for eligible employees and dependents—including prescription drug coverage. Employers could opt to pay a fee to the state to provide coverage and require employees to pay up to 20 percent of the cost of coverage. In Los Angeles County, we are well aware of the cost burden on local government to provide healthcare services to the uninsured. We should seek all reasonable legislative remedies to provide coverage for our residents.

I, THEREFORE, FURTHER MOVE that the Board of Supervisors take a support position on SB 2 and send a five-signature letter to Governor Davis and to Senators Burton and Speier, to members of the Senate Committee on Insurance, and to members of the Los Angeles legislative delegation urging support of SB 2.

BJ/jp

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Yaroslavsky	_____
Knabe	_____
Antonovich	_____
Burke	_____



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

April 28, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen 
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**MOTION TO SUPPORT SB 2 (BURTON) AND SB 921 (KUEHL) -- UNIVERSAL
HEALTH CARE COVERAGE (ITEM NO. 24, AGENDA OF APRIL 29, 2003)**

Item No. 24 on the April 29, 2003 agenda, as amended by the April 25, 2003 supplemental agenda, is a motion by Supervisor Molina to support SB 2 (Burton) and SB 921 (Kuehl) and to send a five-signature letter urging support for the measures to Senator Jackie Speier, Chair of the Senate Insurance Committee; Senate Insurance Committee members; and to members of the County's State Legislative Delegation and the Governor. **The Board's State Legislative Agenda does not address universal health care coverage, therefore, a position on SB 2 and SB 921 is a matter for Board policy determination.**

SB 2 – Health Insurance Act of 2003

As amended on March 18, 2003, SB 2 would create the Health Insurance Act of 2003 to ensure that all working Californians and their families are provided health care coverage. Specifically, SB 2 would require employers to provide health care coverage to employees and dependents, or, alternatively, authorize employers to comply with the requirement by paying a fee to the State, which would organize the coverage via a new State Health Purchasing Program. The bill would also authorize employers to require employees to pay up to 20% of the cost of coverage, and not require employers to cover dependent persons who are eligible for coverage from another employer. This approach to health care coverage is known as "employer mandate" or "play or pay."

The proposed State Health Purchasing Program, for those employers who would pay the State for coverage, would be administered by the Managed Risk Medical Insurance Board (MRMIB). MRMIB would establish co-payments and deductibles, annually determine the fee to be paid by employers, organize contracts with health plans, and

adopt regulations to ensure the continued viability of public hospitals and clinics, community clinics, and other safety net providers.

Under existing law, the State has health coverage programs such as Medi-Cal and Healthy Families for persons with limited incomes, but does not provide a system of health care coverage for all California residents and does not require employers to provide health care coverage for employees and dependents, other than coverage provided as part of the worker's compensation system for work-related employee injuries. SB 2 would also require coordination of coverage with Medi-Cal and Healthy Families, including a requirement that enrollees in the State program provide income and eligibility information under penalty of perjury, and would become effective January 1, 2004 if enacted this year.

Proponents of the employer mandate contend that building on the model of employer-based health care coverage is a viable way to achieve universal coverage. Opponents of this approach argue that it is harmful to small businesses, and that the quality of health benefits will be diminished as employers who currently provide coverage opt out in lieu of the State organized care.

SB 921 – Health Care for All Californians Act

As amended on April 21, 2003, SB 921 would establish the California Health Care System to be administered by a newly created California Health Care Agency, and make all California residents eligible for health care benefits under this system by January 1, 2006. The Agency would be under the control of an elected Health Care Commissioner. The California Health Care System would, on a single-payer basis, negotiate or set fees for health care services provided through the system and pay claims for those services. Deductibles or co-payments would be prohibited during the first two years of operation, but the Commissioner would be authorized to establish them afterwards.

SB 921 would establish a Health Policy Board to formulate policy on issues related to the health care system. It would create within the California Health Care Agency the Office of Consumer Advocacy to represent the interests of health care consumers, and the Office of Medical Practice Standards to establish standards of best medical practice, with the advice of a newly created Medical Practice Standards Advisory Board. The bill would create the Office of Inspector General for the California Health Care System within the Attorney General's Office with various oversight responsibilities.

The bill declares the intent of the Legislature to fund the system through taxes on unearned income, tobacco, alcohol, employers and employees, at rates which are not yet specified. SB 921 would also include all governmental health care funding such as Medi-Cal and Healthy Families, county indigent care programs, and employee and retiree health care spending into the single payer model.

Existing law does not provide a system of universal health care coverage for California residents. However, it does provide various programs for people with limited incomes who meet various other eligibility requirements including the Healthy Families Program and the Medi-Cal program. The bill also directs the Commissioner to pursue necessary Federal approvals and waivers, including changes to the Employee Retirement Income Security Act related to group health benefits.

Supporters of the single payer approach argue that it would streamline administration in the health care industry and lead to savings from efficiencies that can be reinvested in expanded coverage and better health care. Opponents contend that it will cause increased demand for health care that will lead to rationing of care, and reduced quality and consumer choice due to the loss of market competition.

Recent Analyses of Universal Coverage Proposals

Pursuant to SB 480 (Escutia) enacted in 1999, the Health Care Options Project (HCOP), led by the California Health and Human Services Agency (CHHS), examined various reform options for extending health care coverage to California's estimated 6.6 million uninsured, including the employer mandate and single payer models reflected in SB 2 and SB 921, respectively.

With respect to the employer mandate model, HCOP's independent consultants have determined that the approach has the potential to reduce California's 6.6 million uninsured population by a range of 4.7 million to 5.7 million. The estimated new costs of an employer mandate, depending on how it is configured with respect to current employer, employee, and governmental spending, are \$22.4 billion to \$47.8 billion annually. The estimated employer cost per worker for firms that currently provide insurance is estimated to decline by a range of \$332 to \$481 annually, while the employer cost for firms that do not provide insurance would rise by a range of \$842 to \$1,360 annually.

Operationally, the employer mandate would not alter the basic structure and governance of the health insurance industry or health care providers. The financing and governance of safety net providers would not change, and their role would likely remain as a provider of care to those not covered.

HCOP's analysis of the single payer approach indicates that it would cover all of California's 6.6 million uninsured population at a estimated new cost of \$58 billion to \$76 billion annually. Operationally, the single payer approach would significantly alter the structure and governance of the health insurance industry by replacing it with a State agency, which would establish budgets and payment mechanisms for health care providers. The role of safety net providers would likely diminish over time, however, the Section 17000 mandate on counties would continue.

Recommendation

While the County's State Legislative Agenda supports proposals to increase health care coverage through Medi-Cal and Healthy Families, and proposals to provide incentives to small businesses to provide health coverage, it does not address universal health care coverage. **Therefore, a position on SB 2 and SB 921 is a matter for Board policy determination.**

Because of the complexity of assessing the potential consequences of such comprehensive health care legislation on the County and the clients it serves, it is recommended that SB 2 and SB 921 be referred for a more detailed analysis by the Departments of Health Services, Mental Health, and Human Resources, and my office.

SB 2 is supported by the California Medical Association, the California Labor Federation, AFL-CIO, and is opposed by the California Chamber of Commerce,

SB 921 is sponsored by Health Care For All California. It is supported by the California Nurses Association, the California Teachers Association, the Screen Actors Guild, the National Council of Jewish Women, and others, and opposed by the California Chamber of Commerce, and the California Medical Association.

SB 2 and SB 921 are scheduled to be considered by the Senate Insurance Committee on April 30, 2003

DEJ:GK
MAL:JF:ib

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services
Department of Human Resources
Department of Mental Health